

**ICC Docket No. 01-0662**  
**Remedy Plan Phase**  
**Am. Ill. Ex. 22.0 (Ehr Direct)**  
**Schedule JDE-4**

**Ameritech Illinois**  
**Proposed Performance Remedy Plan**  
**Description**

This Performance Remedy Plan sets forth the terms and conditions under which Ameritech will report performance to CLEC and compare that performance to Ameritech's own performance ("parity"), benchmark criteria, or both, whichever is applicable. This document further provides for enforcement through liquidated damages and assessments.

1.0 Ameritech agrees to provide CLEC a monthly report of performance for the performance measures listed in Appendix 1 – Ameritech Performance Measurement User Guide. Ameritech will collect, analyze, and report performance data for these measures in accordance with the business rules defined in Appendix 1, as approved by the Commission. Both the performance measures and the business rules in Appendix 1 are subject to modification in accordance with section 6.4 below regarding six-month reviews. Ameritech further agrees to use the two-tiered enforcement structure for performance measurements provided for in this document. The Commission-approved performance measurements shown in Appendix 1 hereto identify the measurements that belong to Tier 1 (payable to CLECs) and/or Tier 2 (payable to the State) categories.

1.1. Ameritech will not levy a separate charge for provision of the data to CLEC called for under this document. Upon CLEC's request, data files of CLEC's raw data, or any subset thereof, will be transmitted to CLEC. If CLEC's request is transmitted to Ameritech on or before the last day of the month for which data is sought, Ameritech shall provide the data to CLEC on or before the last day of the following month pursuant to mutually acceptable format, protocol, and transmission media. If CLEC's request is transmitted to Ameritech after the last day of the month for which data is sought, Ameritech shall provide the data to CLEC within 30 days of receipt pursuant to mutually acceptable format, protocol, and transmission media. Notwithstanding other provisions of this Agreement, the Parties agree that such records will be deemed Proprietary Information.

2.0 Ameritech will use a statistical test, namely the modified "Z-test," for evaluating the difference between two means (Ameritech retail or its affiliate – whichever is better,

provided the number of affiliate data points exceeds 30 – and CLEC) or percentages, or the difference between two ratios for purposes of this document. Ameritech agrees to use the modified Z-tests as outlined below as the statistical tests for the determination of parity when the results for Ameritech retail or its affiliate (whichever is better, provided the number of affiliate data points exceeds 30) and the CLEC are compared. This statistical test will compare the CLEC performance to the Ameritech retail performance or the affiliate performance (whichever is better). If the affiliate data has 30 or fewer observations, the comparison will be to Ameritech's retail performance. The modified Z-tests are applicable if the number of data points are greater than or equal to 30 for a given disaggregation category. In cases where benchmarks are established, the determination of compliance is through a comparison to the applicable Commission-approved benchmark. For testing compliance for measures for which the number of data points is 29 or less, the use of permutation tests as outlined below may be used.

- 3.0 For purposes of this document, performance for the CLEC on a particular sub-measure (disaggregated level) will be considered in compliance with the parity requirement when the measured results in a single month (whether in the form of means, percents, or ratios) for the same sub-measurement, at equivalent disaggregation, for both Ameritech and/or its affiliate (whichever is better, provided the number of affiliate data points exceeds 30) and CLEC are used to calculate a Z-test statistic and the resulting value is no greater than Critical-Z value that would maintain 97.5% confidence that the difference in results reflects disparity. That Critical-Z value is 1.960.

**Z-Test:**

Ameritech will utilize the following formulae for determining parity using Z-Test:

*For Measurement results that are expressed as Averages or Means:*

$$Z = (\text{DIFF}) / \sigma_{\text{DIFF}}$$

Where:  $\text{DIFF} = M_{\text{ILEC}} - M_{\text{CLEC}}$   
 $M_{\text{ILEC}} = \text{ILEC Average}$   
 $M_{\text{CLEC}} = \text{CLEC Average}$   
 $\sigma_{\text{DIFF}} = \text{SQRT} [\sigma_{\text{ILEC}}^2 (1/n_{\text{CLEC}} + 1/n_{\text{ILEC}})]$   
 $\sigma_{\text{ILEC}}^2 = \text{Calculated variance for ILEC.}$   
 $n_{\text{ILEC}} = \text{number of observations or samples used in ILEC measurement}$   
 $n_{\text{CLEC}} = \text{number of observations or samples used in CLEC measurement}$

*For Measurement results that are expressed as Percentages or Proportions:*

**Step 1:**

$$\sigma_{\text{DIFF}} = \frac{(n_{\text{ILEC}} P_{\text{ILEC}} + n_{\text{CLEC}} P_{\text{CLEC}})}{n_{\text{ILEC}} n_{\text{CLEC}}}$$

$$n_{ILEC} + n_{CLEC}$$

**Step 2:**

$$\sqrt{P_{ILEC} \cdot (1 - P_{ILEC}) / n_{ILEC} + P_{CLEC} \cdot (1 - P_{CLEC}) / n_{CLEC}}$$

**Step 3:**

$$Z = (P_{ILEC} - P_{CLEC}) / \sqrt{P_{ILEC} \cdot (1 - P_{ILEC}) / n_{ILEC} + P_{CLEC} \cdot (1 - P_{CLEC}) / n_{CLEC}}$$

Where: n = number of observations  
P = Percentage or Proportion

*For Measurement results that are expressed as Rates or Ratios:*

$$Z = (DIFF) / \sqrt{DIFF^2 / (num_{ILEC} + num_{CLEC})}$$

Where: DIFF = R<sub>ILEC</sub> - R<sub>CLEC</sub>

$$R_{ILEC} = num_{ILEC} / denom_{ILEC}$$

$$R_{CLEC} = num_{CLEC} / denom_{CLEC}$$

$$\sqrt{DIFF^2 / ((num_{CLEC} + num_{ILEC}) * (denom_{CLEC} + denom_{ILEC})) * (1 / denom_{CLEC} + 1 / denom_{ILEC})}$$

4.0 Qualifications to use Z-Test:

- 4.1. The proposed Z-tests are applicable to reported measurements that contain 30 or more data points. The Z-test is not applied to measures with benchmark standards
- 4.2. The minimum sample size for Tier 2 is 10 observations for the aggregate of all CLECs. Sub-measures in Tier 2 with fewer than 10 observations do not have statistical tests conducted on them.
- 4.3. In calculating the difference between the performances, the formulas defined above apply when a larger CLEC value indicates a higher quality of performance. In cases where a smaller CLEC value indicates a higher quality of performance the order of subtraction should be reversed (i.e., M<sub>ILEC</sub> - M<sub>CLEC</sub>, P<sub>ILEC</sub> - P<sub>CLEC</sub>, R<sub>ILEC</sub> - R<sub>CLEC</sub>).

4.4. Small Sample Parity Test

For Tier 1 parity tests with less than 30 observations, Ameritech will, in most circumstances, use the permutation tests outlined below. In the limited circumstances where Ameritech does not have access to the underlying transaction-by-transaction data required for the permutation test, Ameritech will apply the following Z test.

Z Test:

Type I Error: α = 2.5%,

Z-Critical:  $Z^c = 1.960$ .

Performance is non-compliant with the parity requirement if and only if  $Z > Z^c$ , where Z values for different types of performance measurements are calculated as defined below.

4.4.1 For Percentages, the Fisher Exact Permutation Test will be used.

For Averages and Ratios, the following Permutation analysis will be applied to calculate the Z-statistic using the following logic:

- (1) Choose a sufficiently large number T.
- (2) Pool and mix the CLEC and ILEC data sets.
- (3) Randomly subdivide the pooled data sets into two pools, one the same size as the original CLEC data set ( $n_{CLEC}$ ) and one reflecting the remaining data points, (which is equal to the size of the original ILEC data set, or  $n_{ILEC}$ ).
- (4) Compute and store the Z-test score ( $Z_s$ ) for this sample.
- (5) Repeat steps 3 and 4 for the remaining T-1 sample pairs to be analyzed. (If the number of possibilities is less than 1 million, include a programmatic check to prevent drawing the same pair of samples more than once).
- (6) Order the  $Z_s$  results computed and stored in step 4 from lowest to highest.
- (7) Compute the Z-test score for the original two data sets and find its rank in the ordering determined in step 6.
- (8) To calculate P, divide the rank of the Z-test score as determined in step 7 by the number of total runs executed. ( $P = \text{rank} / T$ ).
- (9) Using a cumulative standard normal distribution table, find the value  $Z_A$  such that the probability (or cumulative area under the standard normal curve) is equal to P calculated in step 8.

Compare  $Z_A$  with the Critical Z-value. If  $Z_A >$  the Critical Z-value, then the performance is non-compliant.

- 4.5 Ameritech and CLECs will provide software and technical support as needed by Commission Staff for purposes of utilizing the permutation analysis. Any CLEC who opts into this plan agrees to share in providing such support to Commission Staff.

## 5.0 Overview of Enforcement Structure

Ameritech agrees with the following methodology for developing the liquidated damages and penalty assessment structure for Tier 1 liquidated damages and Tier 2 assessments:

- 5.1. Ameritech will pay Liquidated Damages to the CLEC according to the terms set forth in this document.
- 5.2. Liquidated damages apply to Tier 1 measurements identified as “Remedied” in the Measurement Type section of the performance measurement business rules documented in Appendix 2.
- 5.3. Assessments are applicable to Tier 2 measures identified as “Remedied” in the Measurement Type section of the performance measurement business rules documented in Appendix 2, and are payable to the Illinois State Treasury.
- 5.4. A CLEC wishing to be subject to the remedy plan must notify SBC/Ameritech (pursuant to the “Notice” provision in that CLEC’s interconnection agreement with Ameritech Illinois, with a copy to Ameritech Illinois’s Regulatory Offices) and the Commission, in writing, of its intent to “opt-in” the Remedy Plan. The CLEC’s “opt-in” becomes effective 20 days from the date of filing said written notice with the Commission, and supersedes the plan previously in effect for that CLEC. Remedies shall be calculated in accordance with the Remedy Plan beginning with the first full calendar month following the effective date. Voluntarily negotiated amendments also must be filed with the Commission, although such amendments are subject to Commission approval.
- 5.5. Ameritech will be liable for the payment of Tier 2 assessments upon formal approval of this plan by the Commission in either a generic proceeding or by approving an Interconnection Agreement amendment referencing this plan. Tier 2 assessments will be effective with the first full month of performance results after Commission approval of this plan. Tier 2 assessments will be paid on the aggregate performance for all CLECs that are operating in Illinois, unless the CLEC has a payment plan that is not comparable to that in Tier 1 of this Performance Remedy Plan. For purposes of this paragraph, a payment plan that is not comparable to that in Tier 1 of this document is a plan that provides for a separate set of payments relating to performance on specified competition-affecting measures, over and above (or without) liquidated damages payments that are calculated in a fashion analogous to the method of calculation used in Tier 1 of this plan. Ameritech agrees that all payment plans in interconnection agreements approved by the Commission as of Month Day, Year are comparable to Tier 1 of this document under this standard.
- 5.6. In order to receive payment by check CLEC must complete the CLEC Identification and Liquidated Damages Information Form located on the CLEC OnLine website (<https://clec.sbc.com/clec>). Otherwise, remedy payment will be made via bill credit.

## 6.0 Procedural Safeguards and Exclusions

- 6.1. Ameritech agrees that the application of the assessments and damages provided for herein is not intended to foreclose other non-contractual legal and regulatory claims and remedies that may be available to a CLEC. By incorporating these liquidated damages terms into an interconnection agreement and tariff, Ameritech and CLEC agree that proof of damages from any “noncompliant” performance measure would be difficult to ascertain and, therefore, liquidated damages are a reasonable approximation of any contractual damage resulting from a non-compliant performance measure. Ameritech and CLEC further agree that liquidated damages payable under this provision are not intended to be a penalty.
- 6.2. Ameritech’s agreement to implement these enforcement terms, and specifically its agreement to pay any “liquidated damages” or “assessments” hereunder, will not be considered as an admission against interest or an admission of liability in any legal, regulatory, or other proceeding relating to the same performance. Ameritech and CLEC agree that CLEC may not use: (1) the existence of this enforcement plan; or (2) Ameritech’s payment of Tier 1 “liquidated damages” or Tier 2 “assessments” as evidence that Ameritech has discriminated in the provision of any facilities or services under Sections 251 or 252, or has violated any state or federal law or regulation. Ameritech’s conduct underlying its performance measures, and the performance data provided under the performance measures, however, are not made inadmissible by these terms. Any CLEC accepting this performance remedy plan agrees that Ameritech’s performance with respect to this remedy plan may not be used as an admission of liability or culpability for a violation of any state or federal law or regulation. Further, any liquidated damages payment by Ameritech under these provisions is not hereby made inadmissible in any proceeding relating to the same conduct where Ameritech seeks to offset the payment against any other damages a CLEC might recover. Whether or not the nature of damages sought by the CLEC is such that an offset is appropriate will be determined in the related proceeding. The terms of this paragraph do not apply to any proceeding before the Commission or the FCC to determine whether Ameritech has met or continues to meet the requirements of section 271 of the Act.
- 6.3. Ameritech shall not be liable for both Tier 2 “assessments” and any other assessments or sanctions under the Commission’s service quality rules relating to the same performance.
- 6.4. Every six months, CLEC may participate with Ameritech, other CLECs, and Commission representatives to review the performance measures to determine (a) whether measurements should be added, deleted, or modified; (b) whether the applicable benchmark standards should be modified or replaced by parity standards, or vice versa; and (c) whether to move a classification of a measure, either Tier 1, Tier 2 or both, from Remedied to Diagnostic, or vice versa. Criteria for review of performance measures, other than for possible reclassification, shall be whether there

exists an omission or failure to capture intended performance, and whether there is duplication of another measurement. Any changes to existing performance measures and this remedy plan shall be by mutual agreement of the parties and approval of the Commission and, if necessary with respect to new measures and their appropriate classification, by Commission arbitration. The current measurements and benchmarks will be in effect until modified hereunder through this review process or expiration of the interconnection agreement.

- 6.5. CLEC and Ameritech will consult with one another and attempt in good faith to resolve any issues regarding the accuracy or integrity of data collected, generated, and reported pursuant to this document. In the event that CLEC requests such consultation and the issues raised by CLEC have not been resolved within 45 days after CLEC's request for consultation, then Ameritech will allow CLEC to have an independent audit conducted, at CLEC's expense, of Ameritech's performance measurement data collection, computing, and reporting processes. In the event the subsequent audit affirms the problem identified by the CLEC, or if any new problem is identified, Ameritech shall reimburse the CLEC any expense incurred by the CLEC for such audit. CLEC may not request more than one audit per six calendar months under this section, and may not request an audit of the same performance measurement more than once in a twelve calendar month period. This section does not modify CLEC's audit rights under other provisions of this Agreement or any applicable Commission Order. Ameritech agrees to inform all CLECs of any problem identified during an audit initiated by any CLEC.
- 6.6. Ameritech agrees to periodic, regional (five-state) audit of the performance measurement data collection, transformation, result and remedy calculation, and result publication processes and systems. The first regional audit shall commence the later of eighteen months after this plan becomes effective or eighteen months after completion of the performances measurements audit of the OSS Third Party Test under Docket No. 98-0555. Subsequent to that initial audit, additional periodic audits will be scheduled as deemed necessary by the Commission. CLECs and the Commission will have input into the design and schedule of the audit. An independent, third party auditor retained by Ameritech and approved by the Commission will conduct these audits at Ameritech's expense.

## 7.0 Exclusions Limited

- 7.1. Ameritech shall not be obligated to pay liquidated damages or assessments for noncompliance with a performance measurement, if, but only to the extent that, such noncompliance could not have been avoided by Ameritech in the exercise of due diligence. Ameritech shall not be excused from payment of liquidated damages or assessments on any other grounds, except by application of the procedural threshold below. Any dispute regarding whether Ameritech's performance failure is excused under this paragraph shall be resolved with the Commission through a dispute resolution proceeding under the Commission's Procedural Rules, or, if the parties

consent, through commercial arbitration with the Ameritech Arbitration Association. Ameritech shall have the burden of proof in any such proceeding to demonstrate that its noncompliance with the performance measurement should be excused because Ameritech could not have avoided it in the exercise of reasonable diligence. Section 7.1 only suspends Ameritech's ability to timely perform an activity subject to performance measurement; the applicable time frame in which Ameritech's compliance with the parity or benchmark criterion is measured shall be extended on an hour-for-hour or day-for-day basis, as applicable, equal to the duration of the excusing event. Upon commencement of the dispute resolution proceeding set forth above, Ameritech shall place the liquidated damages and/or assessments in dispute in an interest-bearing escrow, to be held by a neutral third party. The outcome of the dispute resolution shall determine which party to that proceeding is entitled to the funds held in escrow, and the interest on those funds.

- 7.2 Ameritech and CLEC agree that there is an aggregate annual cap of 36% of Ameritech Illinois' Net Return, which serves as a threshold for certain other events, and does not act as a ceiling on any remedies paid by Ameritech. The annual cap amounts will be determined by Ameritech based on the formula of 36% of Ameritech Illinois' Net Return as is set forth at ¶ 436 and footnote 1332 of the FCC's December 22, 1999 Memorandum Opinion and Order in CC Docket No. 99-295. The annual cap shall be re-calculated on the first business day of the calendar year that updated ARMIS data is made publicly available. For purposes of applying the cap, the calendar year shall apply. Once the annual threshold is established, a maximum monthly threshold will be determined by dividing the amount of the annual threshold by twelve. CLEC acknowledges that a maximum monthly threshold of one-twelfth of the annual threshold for Tier 1 liquidated damages and Tier 2 assessments will apply to all performance payments made by Ameritech under all Ameritech Illinois interconnection agreements and tariff.
- 7.3 Whenever Ameritech makes Tier-1 payments to an individual CLEC in a given month that exceeds 12.5% of the monthly threshold amount, or the aggregate Tier-1 payments to all CLECs in a given month exceed the monthly cap, Ameritech may commence a show cause proceeding as provided for below. Upon timely commencement of the show cause proceeding, Ameritech must pay the balance of damages owed in excess of the threshold amount into an interest-bearing escrow, to be held by a neutral third-party, pending the outcome of the show cause proceeding. To invoke these escrow provisions, Ameritech must file with the Commission, not later than the due date of the affected damages payments, an application to show cause why it should not be required to pay any amount in excess of the procedural threshold. Ameritech's petition shall be in the nature of an expedited dispute resolution under this paragraph pursuant to Illinois Commerce Commission Procedural Rules. Ameritech will have the burden of proof to demonstrate why, under the circumstances, it would be unjust to require it to pay liquidated damages in excess of the applicable threshold amount. If Ameritech reports non-compliant performance to a CLEC for three consecutive months on 20% or more of the measures reported to the CLEC, but Ameritech has incurred no more than 4.2%



of the monthly threshold amount in liquidated damages obligations to the CLEC under the enforcement terms set out here, then the CLEC may commence an expedited dispute resolution under this paragraph pursuant to Illinois Commerce Commission Procedural Rules. In any such proceeding, the CLEC will have the burden of proof to demonstrate why, under the circumstances, justice requires Ameritech to pay damages in excess of the amount calculated under these enforcement terms.

- 7.4 In the event that the aggregate total of Tier 1 damages and Tier 2 assessments reaches the annual procedural threshold within the first nine months of a given year, the Commission shall commence an expedited investigation to determine, among other things, (1) whether further remedy payments are warranted, (2) whether the penalties need to be lowered under the particular circumstances, (3) whether the structure of the payments needs to be reexamined to more accurately reflect performance when payments appear excessive in view of the performance level provided, (4) or other issues raised by Ameritech, the Commission or CLECs.
- 7.5 Whenever Commission proceedings are initiated by any party, or by the Commission, any liquidated damages or assessments that become due and owing, shall be deposited into an interest-bearing escrow, to be held by neutral third-parties, during the pendency of the Commission proceedings. In addition to the issues that are the subject of the Commission proceedings, if appropriate, the Commission shall determine whether the CLEC(s) and/or the State are entitled to the funds held in escrow, and, what parties should receive the interest. All parties are to bear their own litigation costs and expenses.
- 7.6 Ameritech Illinois' Tier 1 remedy liability to any individual CLEC in any month will not exceed (will be capped at) the total billed revenue due Ameritech Illinois for services provided to the CLEC in the same month for which the remedy liability was incurred.
- 7.7 Ameritech will post on its Internet website the aggregate payments of any liquidated damages or assessments paid during the current calendar year.
- 7.8 With respect to any interconnection agreement, Ameritech or any CLEC may request an expedited dispute resolution proceeding before the Commission pursuant to sections 7.2 and 7.3 above.

#### 8.0 Tier 1 Damages Payable to CLECs:

- 8.1 Tier 1 liquidated damages apply to measures designated in Appendix 2 as Remedied when Ameritech delivers "non-compliant" performance as defined in Section 3 above.
- 8.2 Liquidated damages in the amount specified in TABLE 1: Per Occurrence Liquidated Damage Amount Index Table below apply to all "non-compliant" sub-measures subject to remedies. Liquidated damages apply on a per occurrence basis, using the amount per

occurrence taken from the table below, based on the number of consecutive months for which Ameritech has reported noncompliance for the sub-measure and on the overall percentage of sub-measures subject to remedies for which Ameritech Illinois met or exceeded the performance standard. For those measures listed in Appendix 3 as “Measurements That Are Subject to Per Occurrence Damages or Assessments With a Cap,” the amount of liquidated damages in a single month for a disaggregation category shall not exceed the amount listed in TABLE 2: Per Measure/Cap Liquidated Damage Amount Index Table. For those measures listed in Appendix 3 as “Measurements That Are Subject to Per Measure Damages or Assessments,” liquidated damages will apply on a per disaggregation category basis, at the amounts set forth in the TABLE 2: Per Measure/Cap Liquidated Damage Amount Index Table below. The methodology for determining the number of occurrences is addressed in “Methods of Calculating Liquidated Damages and Assessment Amounts,” below.

- 8.3 TABLE 1 and TABLE 2 utilize an Index Value (“IV”) that establishes the level of liquidated damages assessment to be paid in the case of a failure to meet or exceed a performance standard. The IV is calculated by (1) determining the number of reported sub-measure results subject to remedies for which performance met or exceeded the standard of comparison; (2) determining the total number of reported sub-measures subject to remedies; and (3) dividing (1) by (2) and multiplying by 100.

$$IV = (RSM_{passed} / RSM_{total}) \times 100$$

Where

$RSM_{passed}$  = Number of Remedied Sub-Measures results where performance met or exceeded the standard of comparison

$RSM_{total}$  = Total count of Remedied Sub-Measure results

- 8.4 For measures defined in Appendix 1 as subject to a Tier 1 performance ceiling and a Tier 1 performance floor, liquidated damages apply as indicated in Section 8.2 whenever the following occurs:

?? Performance is below the ceiling performance level and above the floor performance level and not in parity; or

?? Performance is below the floor performance level, whether or not in parity.

Performance above the ceiling performance standard is deemed to have met the performance standard regardless of the result of a parity comparison. When performance for the CLEC is below the floor, liquidated damages will be calculated against the better of the floor level of performance or the parity comparison performance.

- 8.5 Following at least two consecutive months of non-compliance for a given sub-measure, liquidated damages will be subject to a “proof of compliance” period for that individual metric. This process will require Ameritech to return to compliance for a specified

number of months, based on the number of consecutive months non-compliant performance, before the liquidated damages amount is reduced to the lowest, or single month of non-compliance, level. For example, if Ameritech was out of compliance for four consecutive months for a given performance measurement reported for a specific CLEC, Ameritech will have to provide this CLEC three consecutive months of compliant performance for this same submeasure before it can begin paying the “Month 1” liquidated damage amount.

- 8.6 During this “proof of compliance” period, Ameritech Illinois will make liquidated damages payments only for those months during which the performance result for a specific sub-measure is determined to be “non-compliant” for a CLEC. This remedy payment amount will return to the lowest level of payment when Ameritech provides “compliant” performance for the number of consecutive months identified in TABLE 4: “Step-Down” Table Of Liquidated Damages For Tier 1 Measures where the payment amount is “Month One Amount”.
- 8.7 Ameritech Illinois is obligated to correctly and completely report performance results for CLEC and the aggregate of all CLECs. On occasion, it may be necessary for Ameritech Illinois to restate previously published performance results to comply with this obligation where the originally published results were materially different from actual performance. Ameritech Illinois will provide notice, via the CLEC OnLine web site, to CLEC and the Commission of each restatement, indicating the performance measurements restated, which months’ performance the measurements were restated for, and why the restatement was necessary.
- 8.8 In the event that performance measurement results need to be restated, Ameritech will restate those results as soon as possible for a period not to exceed the six months prior to the month for which results have most recently been reported at time of the restatement.
- 8.9 If it is determined through restatement of performance results or other means that Ameritech Illinois underpaid liquidated damages due a CLEC, or assessments due the State, Ameritech Illinois will make additional payment/bill credit to the CLEC and/or payments to the State to the extent that it underpaid. All underpayments will be credited with interest. Beginning with performance results for July 2003 reported in August 2003, in the event that determination is made through restatement of performance results or other means that Ameritech Illinois overpaid, future payment/bill credit to CLECs and/or future payments to the State will be offset by the amount of overage.
- 8.10 Ameritech shall be able to apply any credits due to restatements of performance data (i.e., where the amount of Tier 1 liquidated damages applicable to originally stated data exceeds the recalculated liquidated damages applicable to restated performance data) toward those charges that the CLEC owes Ameritech for services rendered (or facilities

provided) so long as such charges are undisputed and are past due for not less than 90 days.

- 8.11 If performance for any sub-measure fails to meet the standard of performance (parity or benchmark) defined in Appendix One for three consecutive months, Ameritech Illinois will, at request of the CLEC, initiate a “gap closure” effort. The “gap closure” effort will (1) identify the root cause for the failure to meet the performance standard, and (2) develop an action plan to improve performance to a level where it is meeting the standard of performance. Documentation of the root cause and the action plan to address it will be provided to the CLEC requesting “gap closure”.

<b>TABLE 1: Per Occurrence Liquidated Damage Amount Index Table</b>						
<b>Index Value ("IV")</b>	<b>Consecutive Months Missed</b>					
	<b>One</b>	<b>Two</b>	<b>Three</b>	<b>Four</b>	<b>Five</b>	<b>Six or More</b>
IV >= 92.0%	\$25	\$50	\$100	\$200	\$300	\$400
86.0% <= IV < 92.0%	\$35	\$60	\$125	\$250	\$350	\$450
80.0% <= IV < 86.0%	\$50	\$75	\$150	\$300	\$400	\$500
74.0% <= IV < 80.0%	\$100	\$125	\$250	\$500	\$600	\$700
IV < 74%	\$150	\$175	\$350	\$700	\$800	\$900

<b>TABLE 2: Per Measure/Cap Liquidated Damage Amount Index Table</b>						
<b>Index Value ("IV")</b>	<b>Consecutive Months Missed</b>					
	<b>One</b>	<b>Two</b>	<b>Three</b>	<b>Four</b>	<b>Five</b>	<b>Six or More</b>
IV >= 92.0%	\$5,000	\$10,000	\$15,000	\$20,000	\$25,000	\$30,000
86.0% <= IV < 92.0%	\$7,500	\$15,000	\$22,500	\$30,000	\$37,500	\$45,000
80.0% <= IV < 86.0%	\$10,000	\$20,000	\$30,000	\$40,000	\$50,000	\$60,000
74.0% <= IV < 80.0%	\$15,000	\$30,000	\$45,000	\$60,000	\$75,000	\$90,000
IV < 74%	\$25,000	\$50,000	\$75,000	\$100,000	\$125,000	\$150,000

<b>TABLE 3: Assessment Amounts For Tier 2 Measures</b>	
Per Occurrence	\$200
Per Measure / Cap*	\$20,000

<b>TABLE 4: "Step-Down" Table Of Liquidated Damages For Tier 1 Measures</b>				
	<b>Consecutive Months Non-Compliant Performance Prior to First Month of Compliant Performance</b>			
<b>Consecutive Months Compliant Performance Before Subsequent Non-Compliant Month</b>	<b>Three Months</b>	<b>Four Months</b>	<b>Five Months</b>	<b>Six Months or More</b>
<b>Per Occurrence and Per Measure/Cap</b>				
One Month	Month Two Amount	Month Three Amount	Month Four Amount	Month Five Amount
Two Months	Month One Amount	Month Two Amount	Month Two Amount	Month Three Amount
Three Months or More	Month One Amount	Month One Amount	Month One Amount	Month One Amount

## 9.0 Tier 2 Assessments to the State:

- 9.1 Assessments payable to the Illinois State Treasury apply to the Tier 2 measures designated in Appendix 2 as "Remedied" when Ameritech and/or its affiliate (whichever is better, provided the affiliate data points exceed 30) performance is out of parity or does not meet the benchmarks for the aggregate of all CLEC data. Specifically, if the Z-test value is greater than the Critical Z, the performance for the reporting category is out of parity or below standard. Assessments will be paid when the aggregate of all CLECs has at least 10 observations.
- 9.2 For those measurements where a per occurrence assessment applies, an assessment as specified in TABLE 3: Assessment Amounts for Tier 2 Measures shown above for each occurrence is payable to the Illinois State Treasury for each sub-measure that exceeds the Critical Z-value for three consecutive months. For those measurements listed in Appendix 3 as measurements subject to per occurrence with a cap, an assessment as shown in TABLE 3: Assessment Amounts for Tier 2 Measures shown above for each occurrence within the applicable cap is payable to the Illinois State Treasury for each sub-measure that exceeds the Critical Z-value for three consecutive months. For those Tier 2 measurements listed in Appendix 3 as subject to a per measurement assessment, an assessment amount as shown in TABLE 3: Assessment Amounts for Tier 2 Measures shown above is payable to the Illinois State Treasury for each sub-measure that exceeds the Critical Z-value for three consecutive months.

## 10.0 Posting of Results and Provision of Liquidated Damages and Assessment Payments:

- 10.1 If Ameritech fails to submit performance reports by the last business day of the month following actual performance, the following assessments apply unless excused for good cause by the Commission:
  - ?? If no reports are filed, \$5,000 per day past due;
  - ?? If incomplete reports are filed, \$1,000 per day for each performance measurement listed in the User Guide for which results are not posted, but not to exceed \$5,000 per day past due.
- 10.2 If Ameritech alters previously reported data for a CLEC, and after discussions with Ameritech the CLEC disputes such alterations, then the CLEC may ask the Commission to review the submissions and the Commission may take appropriate action. This does not apply to the limitation stated under the section titled "Exclusions Limited."
- 10.3 When Ameritech performance creates an obligation to pay liquidated damages to a CLEC or an assessment to the State under the terms set forth herein, Ameritech shall make payment by check, bill credit or other direct payment method in the required amount on or before the last business day of the month following the due date of the performance measurement report for the month in which the obligation arose (e.g., if

Ameritech performance through March is such that Ameritech owes liquidated damages to CLECs for March performance, or assessments to the State for January – March performance, then those payments will be due the last business day of May, the last business day of the month following the month (April) in which results were posted). (In order to receive payment by check CLEC must complete the CLEC identification and liquidated damages Information Form located on the CLEC website.) For each day after the due date that Ameritech fails to pay the required amount, Ameritech will pay interest to the CLEC at the maximum rate permitted by law for a past due liquidated damages obligation and will pay an additional \$3,000 per day to the Illinois State Treasury for a past due assessment.

- 10.4 Ameritech may not withhold payment of liquidated damages to a CLEC unless Ameritech has commenced a Commission arbitration proceeding on or before the payment due date, asserting that noncompliance was the result of an act or omission by a CLEC as more fully described in Section 7.2.
- 10.5 CLEC will have access to monthly reports on performance measures and business rules through an Internet website that includes performance results for individual CLECs, the aggregate of all CLECs, and Ameritech.
- 10.6 The thresholds more fully described in Section 7.4 do not apply to assessments under Section 10 of this document.

## 11.0 Methods of Calculating Liquidated Damages and Assessment Amounts

The following methods apply in calculating per occurrence liquidated damage and assessments:

### 11.1. Calculating Tier 1 Liquidated Damages

#### 11.1.1. Measures for Which the Reporting Dimensions are Averages or Means

- Step 1: Calculate the average or the mean for the sub-measure for the CLEC that would yield the Critical Z-value. Use the same denominator as the one used in calculating the Z-statistic for the sub-measure. (There are no Critical Z-values calculated for Benchmark measures.)
- Step 2: Calculate the percentage difference between the actual average and the calculated average. For benchmark measures or floors (for measures that have floors and the floor applies to the result), calculate the percentage difference between the actual average and the benchmark or floor. This percentage is capped at 100%.
- Step 3: Multiply the total number of data points by the percentage calculated in the previous step and round this number up to the next integer. Then multiply the result by the per occurrence dollar amount taken from the Liquidated

Damages Table for Tier 1 Measures to determine the applicable liquidated damages for the given month for that sub-measure.

#### 11.1.2. Measures for Which the Reporting Dimensions are Percentages

- Step 1: Calculate the percentage for the sub-measure for the CLEC that would yield the Critical Z-value. Use the same denominator as the one used in calculating the Z-statistic for the sub-measure. (There are no Critical Z-values calculated for Benchmark measures.)
- Step 2: Calculate the difference between the actual percentage for the CLEC and the calculated percentage. For benchmark measures or floors (for measures that have floors and the floor applies to the result), calculate the difference between the actual percentage and the benchmark or floor.
- Step 3: Multiply the total number of data points by the difference in percentage calculated in the previous step and then round this number up to the next integer. Then multiply the result by the per occurrence dollar amount taken from the Liquidated Damages Table to determine the applicable liquidated damages for the given month for that sub-measure.

#### 11.1.3. Measures for Which the Reporting Dimensions are Ratios or Rates

- Step 1: Calculate the ratio for the sub-measure for the CLEC that would yield the Critical Z-value. Use the same denominator as the one used in calculating the Z-statistic for the sub-measure. (There are no Critical Z-values calculated for Benchmark measures.)
- Step 2: Calculate the difference between the actual ratio for the CLEC and the calculated ratio. For benchmark measures or floors (for measures that have floors and the floor applies to the result) calculate the difference between the actual ratio and the benchmark or floor. This difference is capped at 100%.
- Step 3: Multiply the total number of data points by the percentage calculated in the previous step and then round this number up to the nearest integer. Then multiply the result by the per occurrence dollar amount taken from the Liquidated Damages Table for Tier 1 Measures to determine the applicable liquidated damages for the given month for that sub-measure.

### 11.2. Calculating Tier 2 Assessments

- 11.2.1. Determine the Tier 2 measurement results that are non-compliant for three consecutive months for the aggregate of all CLECs. If the non-compliant classification continues for three consecutive months, an additional assessment will apply in the third month and in each succeeding month as calculated below, until Ameritech reports performance that meets the applicable criterion. That is, Tier 2 assessments will apply on a “rolling three month” basis, one assessment for the average number of occurrences for months 1-3, one assessment for the average number of occurrences for months 2-4, one assessment for the average



number of occurrences for months 3-5, and so forth, until satisfactory performance is established.

#### 11.2.2. Measures for Which the Reporting Dimensions are Averages or Means

- Step 1: Calculate the average or the mean for the sub-measure for the CLECs that would yield the Critical Z-value for each of the three non-compliant months. Use the same denominator as the one used in calculating the Z-statistic for the sub-measure. (There are no Critical Z-values calculated for Benchmark measures.)
- Step 2: Calculate the percentage difference between the actual average and the calculated average for each of the three non-compliant months. For benchmark measures, calculate the percentage difference between the actual average and the benchmark for each of the three non-compliant months. This percentage is capped at 100%.
- Step 3: Multiply the total number of data points for each month by the percentage calculated in the previous step. Calculate the average for three months of these numbers rounding up the result to the next highest integer. Then multiply the result by the per occurrence dollar amount specified in the Assessment Table for Tier 2 Measures to determine the applicable assessment payable to the Illinois State Treasury for that sub-measure.

#### 11.2.3. Measures for Which the Reporting Dimensions are Percentages

- Step 1: Calculate the percentage for the sub-measure for the CLECs that would yield the Critical Z-value for each of the three non-compliant months. Use the same denominator as the one used in calculating the Z-statistic for the sub-measure. (There are no Critical Z-values calculated for Benchmark measures.)
- Step 2: Calculate the difference between the actual percentage for the CLECs and the calculated percentage for each of the three non-compliant months. For benchmark measures, calculate the difference between the actual percentage and the benchmark for the three non-compliant months.
- Step 3: Multiply the total number of data points for each month by the difference in percentage calculated in the previous step. Calculate the average for three months of these numbers rounding up the result to the next highest integer. Then multiply the result by the per occurrence dollar amount specified in the Assessment Table for Tier 2 Measures to determine the applicable assessment payable to the Illinois State Treasury for that sub-measure.

#### 11.2.4. Measures for Which the Reporting Dimensions are Ratios or Rates

- Step 1: Calculate the ratio for the sub-measure for the CLECs that would yield the Critical Z-value for each of the three non-compliant months. Use the same denominator as the one used in calculating the Z-statistic for the sub-

measure. (There are no Critical Z-values calculated for Benchmark measures.)

Step 2: Calculate the difference between the actual ratio for the CLECs and the calculated ratio for each month of the non-compliant three-month period. For benchmark measures calculate the difference between the actual ratio and the benchmark for the three non-compliant months. This difference is capped at 100%.

Step 3: Multiply the total number of service orders by the percentage calculated in the previous step for each month. Calculate the average for three months of these numbers rounding up the result to the next highest integer. Then multiply the result by the per occurrence dollar amount specified in the Assessment Table for Tier 2 Measures to determine the applicable assessment payable to the Illinois State Treasury for that sub-measure.

12.0 Attached hereto, and incorporated herein by reference, are the following Appendices:

Appendix 1: Performance Measurement Business Rules (Illinois) (a document available from CLEC Account Managers or found on the Ameritech Performance Measurement website)("User Guide")

Appendix 2: Performance Measures Subject to Tier 1 and Tier 2 Damages

Appendix 3: Measurements Subject to Per Occurrence Damages or Assessments With a Cap and Measurements Subject to Per Measure Damages or Assessments

[SECTION 12 BE MOVED TO APPENDIX ONE – PM USER GUIDE AS AN ATTACHEMENT SO THAT IT CAN BE UPDATED THROUGH THE SIX-MONTH REVIEW PROCESS AS NEEDED]

### 13.0 Advanced and Nascent Services:

13.1. In order to ensure parity and benchmark performance where CLECs order low volumes of advanced and nascent services, Ameritech will make increased voluntary payments to the Illinois State Treasury on those measurements listed in section 12.3 below (the “Qualifying Measurements”). Such increased voluntary payments will only apply when there are more than 10 and less than 100 observations for a Qualifying Measurement on average statewide for a three-month period with respect to the following order categories:

13.2. The following are the qualifying sub-measures (if within a qualifying measurement):

- ?? UNE loop and port combinations;
- ?? Resold ISDN;
- ?? ISDN UNE loop and port combinations;
- ?? BRI loop with test access; and
- ?? DSL loops.

13.3. The Qualifying Measurements are as follows:

Provisioning Measurements:

- ?? PMs 29, 45, 58 – Percent Ameritech Caused Missed Due Dates
- ?? PMs 35, 46, 59 – Installation Trouble Reports Within “X” Days
- ?? PMs 27, 43, 56 – Mean Installation Interval
- ?? PMs 32, 49, 62 – Average Delay Days for Ameritech Caused Missed Due Dates
- ?? PM 55.1 – Average Installation Interval – DSL
- ?? PM 57 – Average Response Time for Loop Qualification Information

Maintenance Measurements:

- ?? PMs 38, 66 – % Missed Repair Commitments
- ?? PMs 41, 53, 69 – % Repeat Reports
- ?? PMs 39, 52, 67 – Mean Time to Restore
- ?? PMs 37, 54, 65 – Trouble Report Rate

13.4. The increased voluntary payments referenced in section 12.1 will be made only if Ameritech fails to provide parity or benchmark service for the above measurements as determined by the use (where appropriate) of the Modified Z-test and a Critical Z-value for either:

?? 3 consecutive months; or

?? 6 months or more in a calendar year.

- 13.5. The increased voluntary payments will only be calculated on the rolling average of occurrences or measurements, as appropriate, where Ameritech has failed to provide parity or benchmark performance for 3 consecutive months. If Ameritech fails to provide parity or benchmark performance in Illinois for 6 or more months in a calendar year, the increased voluntary payments will be calculated as if all such months were missed consecutively.
- 13.6. If, for the three months that are utilized to calculate the rolling average, there were 100 observations or more on average for the qualifying measurement or sub-measurement, then no increased voluntary payments will be made to the Illinois State Treasury. However, if during this same time frame there either is (i) an average of more than 10 but less than 100 observations for a qualifying sub-measure on a statewide basis or (ii) an average of more than 10 but less than 100 for a non-qualifying sub-measure within a qualifying measure where the measure's average is more than 10 but less than 100 observations, then Ameritech shall calculate the payments to be made in addition to the normal payment to the Illinois State Treasury by first applying the normal Tier 2 assessment calculation methodology to that qualifying measurement, and then doubling (multiplying by 2) that amount. The effect of this calculation results in total payment being made at three times the normal amount alone.
- 13.7. Any payments made hereunder shall be subject to the annual threshold set forth in Section 7.2.